

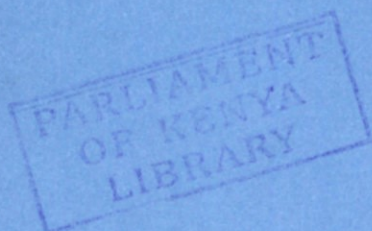
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

MABADILIKO PARTY OF KENYA

FOR THE YEAR ENDED

30 JUNE, 2023

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 14 SEP 2024

DAY:

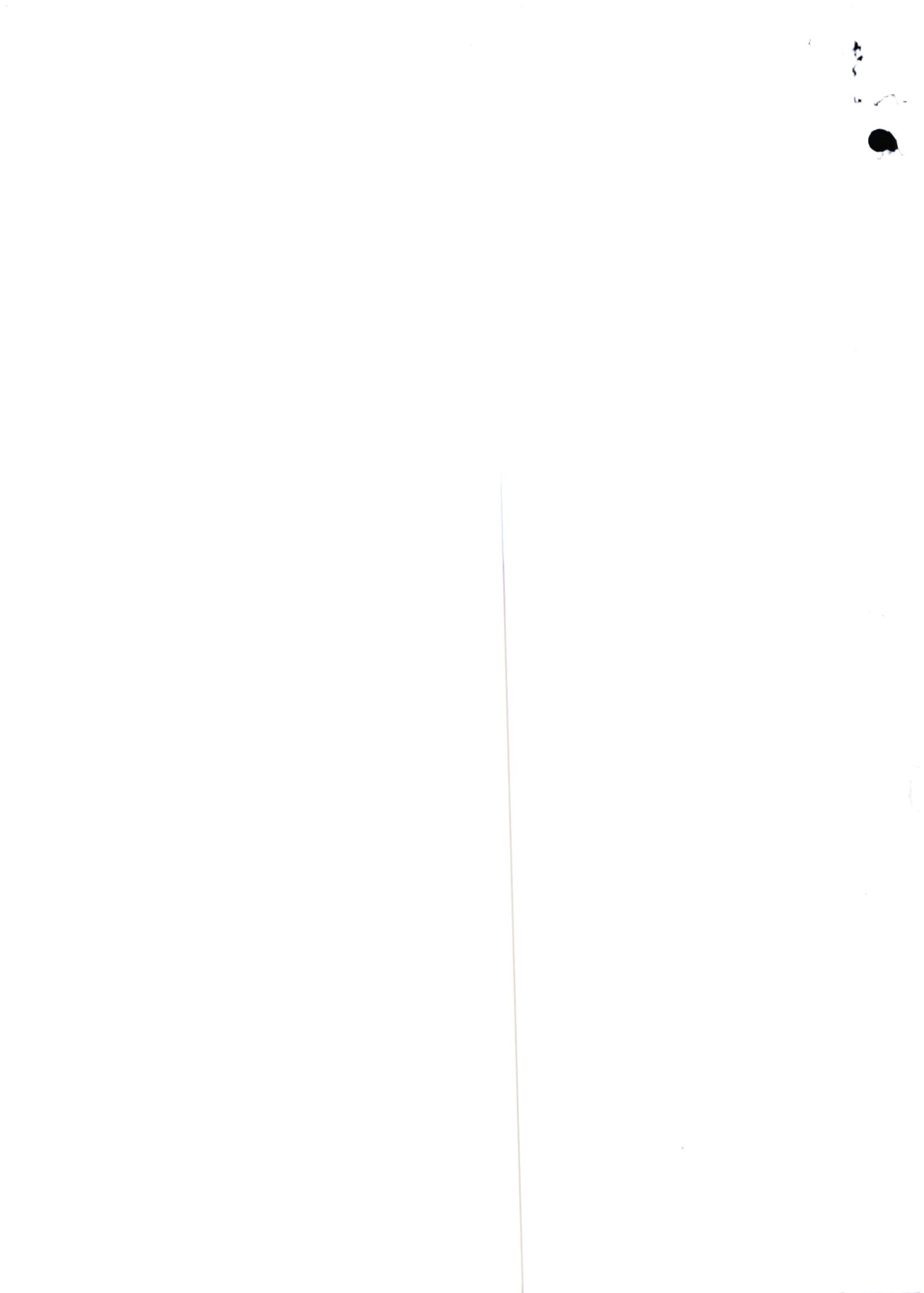
Wednesday

TABLED
BY:

Hon. Owen Baya, mp
Deputy Majority party

CLERK-AT
THE-TABLE:

Anlay Muriuki



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

Revised 30th June 2023

02 MAR 2024



MABADILIKO PARTY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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MABADILIKO PARTY OF KENYA
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Notes to Financial Statements (Continued)

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ED	Executive Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
ORPP	Office of the Registrar of Political Parties
SG	Secretary General

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.



MAADILIKO PARTY OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2023.

1. KEY PARTY INFORMATION AND MANAGEMENT

A) BACKGROUND INFORMATION

The Party was established in 2021 under section 97, of the Political Parties Act, 2011. It is domiciled in Kenya in Nairobi City with regional Offices in different Counties.

B) PRINCIPAL ACTIVITIES

- i) Ensure that the rule of Law is upheld
- ii) Propagate progressive ideologies
- iii) Advocate transparency and Accountability
- iv) Provide alternative leadership

Vision

Build a Nation (Kenya) where democracy & freedom prevail, boost an eco-friendly environment, uphold dignity for all and guarantee sustainability for future generations with zero tolerance for corruption.

Mission

To partner with relevant institutions in order to strengthen and safeguard democratic institutions, processes, norms and values that will secure a better quality of life for all.

Core Values

The core Values of the Party are:

- (i) Justice,
- (ii) Integrity,
- (iii) Human Dignity,
- (iv) Community Service,
- (v) Equity and Equality
- (vi) Economic and Social Transformation.



MABADILIKO PARTY OF KENYA
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C) FIDUCIARY MANAGEMENT

I. NATIONAL EXECUTIVE COMMITTEE (NEC)

NAME	GENDER	DESIGNATION
Schola Kamene Nyenze	F	Party Leader
Daniel Lepeiyon	M	Deputy Party Leader
Volisi Musyoka	M	Chairperson
Mbondo Kinywii	M	Deputy Chairperson
Felix Ndoi	M	Secretary General
Damaris Syombua	F	Deputy Secretary General
Mercy Mkandoo	F	Treasurer
Lucy Munyiva	F	Deputy Treasurer
Nicholas Wamukoya	M	Organising Secretary
Mercy Kalondu	F	Deputy Organising Secretary
Grace Musenya	F	Women Leader
Phoebe Nguli	F	Deputy Women Leader
Musa Said Karanja	M	Youth Leader

II. MANAGEMENT

NAME	GENDER	DESIGNATION
Mr. Lochoto Bonface	Male	Ag. Executive Director
Ms. Esther Mutheu	Female	Membership & Customer Care Manager

D) FIDUCIARY OVERSIGHT COMMITTEES

The NEC undertakes its role through the following Committees

(a) Audit and Risk Management Committee

This Committee is responsible for all oversight, audit and risk management issues of the Party.

(b) Finance and Resource Mobilization Committee

The Committee is responsible for financial, resource mobilization and usage as well as planning.

c) Human Resource and Outreach Committee



MABADILIKO PARTY OF KENYA
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This is responsible for the sourcing of the best talent, training as well as County outreach programs.

d) Communication Committee

This is responsible for the coordination of the communication channels of the Party.

E) ENTITY HEADQUARTERS

Hurlingham, Rose Avenue

P.O BOX 21689-00505

NAIROBI-KENYA

F) ENTITY CONTACTS

Tel: 0722 272 986

Email: rossmuan1@gmail.com

Website: www.mabadilikoparty.com

G) ENTITY BANKERS

Kingdom Bank

Hurlingham Branch

P.O BOX

Nairobi-Kenya

Tel: 0722 201112

H) INDEPENDENT AUDITORS

Office of Auditor General

Anniversary Towers

Monrovia Street

P.O BOX 30084-00100, NAIROBI

Email: info@oagkenya.go.ke

Website: www.oagkenya.go.ke



MABADILIKO PARTY OF KENYA
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I) PRINCIPAL LEGAL ADVISOR.

The Attorney General

State Law Office

Harambee Avenue

P.O BOX 40112

City Square 00200, Nairobi, Kenya



MABADILIKO PARTY OF KENYA
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J) The Board of Directors/Council

Ref	Directors	Details
1.	Ms.Schola Kamene Nyenze	She is the Party Leader. The Party Constitution provides her with the powers to source for resources for the Party and to give direction in regards to Coalition Agreements.
2.	Mr. Felix Ndoi	He is the Secretary General to be Party and by defunct, the Accounting Officer. He is the head of the Secretariat and ensures smooth running of the day today operations of the Party.
3.	Ms. Mercy Mkandoo	She serves the Party as the National Treasurer. She is mandated with the responsibility of ensuring proper books of accounts are kept and the Party is sustainable in its operations.
4.	Mr. Nicholas Wamukoya	He is the National Organizing Secretary to the Party. He co-ordinates all Party activities.
5.	Mr. Boniface Lochoto	He currently serves the Party as the Executive Director. He implements all the decisions of National Executive Committee. He is also the Secretary to the National Management Committee.



MABADILIKO PARTY OF KENYA
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for the year ended June 30, 2023.

K) Key Management Team

	Management	Details
1.	Mr. Boniface Lochoto	Ag. Executive Director to the Party. Responsible for the day-to-day running of the Party.
2.	Ms. Esther Mutheu	Membership & Customer Care Manager. Tasked with the duty of recruiting new members as well as providing critical information to the public.



MABADILIKO PARTY OF KENYA
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PARTY LEADER'S STATEMENT

Article 7 of the Party Constitution bestows on the National Executive Committee (NEC) the power to govern the Party with full mandate on matters of Policy formulation, implementation and supervision of the administrative structure of the Party at all levels, appoint Party representatives to other organizations which the Party relates to, determine the terms of Service for the Secretariat staff and other employees.

The Party, in keeping with its objects for the period ended 30th June 2023 engaged in the following activities whose focus was to endear the Party to the citizenry with a view to influencing opinion and encouraging citizen participation in governance issues. The activities were centred on achieving Party visibility, profiling, Party policy and advocacy and included but not limited to press conferences and releases, advertisements, membership recruitment drives, branding, retreats and engagement with the Judiciary, County Assemblies and Parliament on legal matters and issues legislation as well as election campaigns.

The Party has been and shall remain true to its cause and shall at all times subscribe to the constitution of Kenya, 2010; the Political Parties Act, 2011; the Elections Act, 2011; the Elections (General) Regulations, 2012; other relevant pieces of legislation and the Party's Constitution.



MABADILIKO PARTY OF KENYA
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for the year ended June 30, 2023.

L) Report of the Executive Director

I am delighted to present the Party's financial statement for the financial year ended 30th June, 2023. It was indeed a year of both Opportunities and challenges for the Party. This was the first time since the Party's inception in October, 2021, that we fielded Candidates in different elective categories. For the first time we were able to get a share of the Political Parties Fund, courtesy of our elected Member of the County Assembly and the votes garnered.

The Party received a lot support from members and well-wishers alike. I therefore take this opportunity to thank our Partners, the Office of the Registrar of Political Parties for their support in training and Capacity development. I also want to thank the Centre for Multi-Party Democracy (CMD-Kenya) for including us in their program, 'People's Dialogue Festive, a program where we were able to showcase for programs to the general Public.

During the year, Mabadiliko Party of Kenya was able to get into Political Coalition agreement with Azimio La Umoja Coalition. This boosted our chances of attracting candidates in some regions as well as gaining political mileage. This also provides an avenue to engage with other Coalitions in the future and hence the need to be aggressive to gain more political support to be able command a bigger share on the negotiation table.

The challenges encountered included stiff competition from coalition Partners as well as lack of enough resources to compete with the big Parties.

However, going forward it is superlative that the Party establishes a strong resource mobilization base to deal with sourcing of resources. Also it is important that the county offices are revamped as they are the key recruitment centres for identifying prospective candidates in advance. The leagues need to be strengthened in order to deal with the competition faced from the opponents. The Party needs to conduct grass root elections to ensure that the royal members take charge of the management of the Party.


Mr. Boniface Lochoto
Ag. Executive Director.



MABADILIKO PARTY OF KENYA
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Statement of Performance against Predetermined Objectives for FY 2022/2023

The Strategic Plan is outlined into strategic initiatives under the various strategic objectives that are aligned to respective strategic focus area.

1. Strategic Focus 1: Membership Recruitment
2. Strategic Focus 2 : Financial Sustainability
3. Strategic Focus 3: Training and Capacity Building
4. Strategic Focus 4: Secretariat Capacity Building
5. Strategic Focus 5: Party Re-branding

ACTIVITY	DELIVERY UNIT	KEY OUTPUT	PERFORMANCE INDICATORS	TARGET 2023	ACTUAL OUTPUT
Registration	Membership base	Increase in Membership in Various Categories	Improved Membership application	At least 10,000 new members	Recruited 8,000 new members.
Financial Sustainability	Partnerships	Increase in activities funded by the Party	Revamped County offices Increased Party Visibility events	Conduct 2 fundraising activities Look for new partnerships	Conducted 1 fundraising activity
Training and Capacity Building	Continuous training and Capacity Building	Increased training and programs	Improved participation in electoral process, increase in candidates in elective posts.	Conduct at least 10 county trainings	Conducted 4 County engagements
Secretariat Capacity Building	Recruitment and engagement of qualified staff.	Capacity building training needs assessment.	Improved performance Efficiency in accomplishment of tasks	At least 4 trainings for each department	2 trainings conducted for each department



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Party Re-branding	Increase in marketing and Party promotion events	Developed flyers, brochures, website, Caps, T-Shirts	Party visibility, increased membership, increased membership renewal	Participate in at least 5 community based projects for visibility	Participated in 3 community based projects.
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M) Corporate Governance Statement

Mabadiliko Party of Kenya is committed to good governance. This is achieved through the various activities which the Party conducts through its Committees. Our Party operations are centred around the core values as well as the standards we have set in the Party manifesto and Constitution.

NATIONAL EXECUTIVE COMMITTEE ELECTION AND ATTENDANCE

The election of Committee members is based on merit and the persuasion to serve the Party for the long term benefit. The various members, their function and the meetings attendance is set out below.

NEC MEETING ATTENDANCE REPORT

Name	Position	Date Elected	Attendance
Schola Kamene Nyenze	Party Leader	03.03. 2022	4
Daniel Lepeiyon	Deputy Party Leader	03.03.2022	4
Volisi Musyoka	Chairperson	03.03.2022	4
Mbondo Kinywii	Deputy Chair	03.03.2022	4
Felix Ndoi	Secretary General	03.03.2022	2
Damaris Syombua	Deputy Secretary General	03.03.2022	4
Mercy Mkandoo	National Treasurer	03.03.2022	4
Lucy Munyiva	Deputy Treasurer	03.03.2022	4
Nicholas Wamukoya	Organizing Secretary	03.03.2022	2



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Mercy Kalondu	Deputy organizing Secretary	03.03.2022	4
Grace Musenya	Women Leader	03.03.2022	4
Phoebe Nguli	Deputy Women Leader	03.03.2022	4
Musa Said Karanja	Youth Leader	03.03.2022	4

The National Executive Committee (NEC) has establishes various committees for smooth Party operations.

Audit Committee

This provides oversight to the operations of the Party. The members include:

Audit Committee Attendance Register

Name	Position	Date Elected	Attendance
Schola Kamene Nyenze	Party Leader	03.03.2022	8
Daniel Lepeiyon	Deputy Party Leader	03.03.2022	8
Mbondo Kinywii	Deputy Chair	03.03.2022	4
Damaris Syombua	Deputy Secretary General	03.03.2022	4
Mercy Mkandoo	National Treasurer	03.03.2022	4
Mercy Kalondu	Deputy organizing Secretary	03.03.2022	4
Grace Musenya	Women Leader	03.03.2022	4
Musa Said Karanja	Youth Leader	03.03.2022	4



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Finance & Resource mobilization Committee

This responsible for the optimal operations of the Secretariat and the Party at Large. They advise the Party on the best ways to fundraise and on how to manage the funds.

Finance & Resource mobilization Committee Attendance Register

Name	Position	Date Elected	Attendance
Schola Kamene Nyenze	Party Leader	03.03. 2022	8
Volisi Musyoka	Chairperson	03.03.2022	8
Mbondo Kinywii	Deputy Chair	03.03.2022	8
Mercy Mkandoo	National Treasurer	03.03.2022	8
Lucy Munyiva	Deputy Treasurer	03.03.2022	8
Mercy Kalondu	Deputy organizing Secretary	03.03.2022	8
Grace Musenya	Women Leader	03.03.2022	8
Phoebe Nguli	Deputy Women Leader	03.03.2022	8
Musa Said Karanja	Youth Leader	03.03. 2022	8

Human Resource and Outreach Committee

This is responsible for the formulating policies aimed at ensuring that Secretariat staff are well treated as well as coming up with appropriate County outreach programs.

Human Resource and County Outreach Committee

Name	Position	Date Elected	Attendance
Volisi Musyoka	Chairperson	03.03.2022	8
Mbondo Kinywii	Deputy Chair	03.03.2022	8
Damaris Syombua	Deputy Secretary General	03.03.2022	8
Lucy Munyiva	Deputy Treasurer	03.03.2022	4
Mercy Kalondu	Deputy organizing Secretary	03.03.2022	4
Phoebe Nguli	Deputy Women Leader	03.03.2022	4
Musa Said Karanja	Youth Leader	03.03.2022	4



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Communication Committee

Name	Position	Date Elected	Attendance
Daniel Lepeiyon	Deputy Party Leader	03.03.2022	6
Volisi Musyoka	Chairperson	03.03.2022	6
Mbondo Kinywii	Deputy Chair	03.03.2022	6
Damaris Syombua	Deputy Secretary General	03.03.2022	6
Mercy Kalondū	Deputy organizing Secretary	03.03.2022	6
Grace Musenya	Women Leader	03.03.2022	6
Emrebe Nguli	Deputy Women Leader	03.03.2022	6
Musa Said Karanja	Youth Leader	03.03.2022	6

8. MANAGEMENT DISCUSSION AND ANALYSIS

Registration of Members

The Party should take advantage of the many Party-less members who suffered during the Last General Elections and welcome them to the Party.

County Outreach

The Party should move with speed to keep in touch with the electorate and take advantage of the looming bye-elections to field candidates.

Revamp the Leagues

It is time that the Party considers revamping the Leagues for the long-term success of the Party

Party Resources

The Party needs to source for funds in order to maintain the current Secretariat Staff as well as recruit additional staff to assist.



MABADILIKO PARTY OF KENYA
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ENTITY FINANCIAL AND OPERATIONAL PERFORMANCE

SOURCE	2022	2023	Explanation
G.O.K Grants	-	319,424	1 st time Allocation
Membership Income	3,997,750	562,400	2022, was an election year and hence funds received were from candidates
Administrative Expenses	2,767,404	625,599	The bulky of the 2022 expenses were election related and hence the big variation.
Party Visibility & profiling Expenses	-	212,000	There is an increase in the Party visibility expenses, this is due to the need to improve the Party's presence after elections.
Party Policy & Advocacy	600,000	58,000	A decrease in the advocacy expenses in the year due to limited activities in the year.
Debtors & Prepayments	360,000	180,000	180,000 decrease in debtors & Prepayments.
Cash & Cash Equivalent	39,800	66,120	An increase in cash & cash equivalents
Creditors	78,300	50,000	A increase in payables



MABADILIKO PARTY OF KENYA
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9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

(i) Sustainability Strategy and Profile

The Party continues to maintain its focus on sustainability and as a Key player in the legislative and advocate of good governance puts the government of the day on its toes to be accountable and transparent.

(ii) Environmental Performance

A way of complying with environmental and supporting climate change actions, the Party discourages unnecessary printing and also encourages recycling as much as possible. Also the Party encourages its members to come out in large numbers to participate in tree planting exercise yearly.

(iii) Employee Welfare

The Party subscribes to good human resource practices and thus has created a secure working environment free of discrimination, torture.

iv) Market Place Practices-

Responsible Supply Chain and Supplier relations

The Party maintain a good working relationship with its suppliers and ensure that they are paid within a relatively short period. The Party has got a service charter which clearly stipulates the guiding direction on how to relate with the suppliers.



MABAFILIKO PARTY OF KENYA
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v) **Corporate Social Responsibility /Community Engagements**

Mentorship Program

The Party has designed a program for the young adults in colleges and Universities. This program aim to instil in them the right values and moral in order to become leaders of integrity in future endeavours. The youths are invited to take part in trainings and undertake programs to prepare them in advance for the world.

Community Engagements

The Party Leader has been involved in many charity programs to feed the needy and hungry during hunger and drought crisis in the country in the Counties of Kajiado and Turkana. This is an effort of giving back to the community on personal grounds. The Party leader has constantly appealed to members of the Party to share the little they have during this difficult times.



MABADILIKO PARTY OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2023.

10. REPORT OF NEC

The Directors submit their report with the audited financial statements for the year ended June 30th, 2023, which show the state of the Party's affairs.

(i) Principal Activities

The Principal activities of Mabadiliko Party of Kenya are detailed on page (iv) in key Party information.

(ii) Results

The results of Mabadiliko Party of Kenya for the year ended 30th June, 2023, are set out on the following pages.

(iii) Directors

The members of the elected Council who served during the year are shown on page 8. The committee members were all elected in the year 2022.

(iv) Surplus remission

Mabadiliko Party of Kenya realized a deficit after netting off all the costs against the income realised.

(v) Auditors

The Auditor-General is responsible for the Statutory audit of the Mabadiliko Party of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Mabadiliko Party of Kenya for the year ended 30th June, 2023, in accordance to Section 23 of the Public Audit 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By the order of the NEC

.....


Name

Corporate Secretary/ Secretary to the NEC.



MABADILIKO PARTY OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2023.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Political Parties Act, 2011 requires the Party officials to prepare Financial Statements for each Financial Year which gives a true and fair view of the state of affairs of the Party as at each end of the Fiscal Year and other Financial Operations of the Year.

The Act also requires the Party officials to ensure that the Party keeps proper Accounting Records which disclose with reasonable accuracy at any time the financial position of the Party. The officials are also responsible for safeguarding the Assets of the Party.

The Party officials accept responsibility for the Annual Financial Statements which have been prepared using the appropriate Accounting Policies supported by reasonable and prudent judgment and estimates in conformity with International Financial Reporting Standards and in the manner required by the Political Parties Act, 2011.

The Party officials are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Party and of its operating results. The Party officials further accept responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of the Financial Statements as adequate systems of Internal Financial Control Systems for the Year ended 30th June, 2023.

The Party and its activities will remain a going concern for at least the next one year from the date of this Statement as nothing came to the attention of the officials that the contrary shall apply.



MABADILIKO PARTY OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2023.

Approval of the financial statements

The *Entity's* financial statements were approved by the Board on 28/02/2024 2024 and signed on its behalf by:

SCHOLA NYENZE

Name

Chairperson of the Board

F. M. NDO

Name

Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MABADILIKO PARTY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mabadiliko Party of Kenya set out on pages 24 to 62, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mabadiliko Party of Kenya as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Political Parties Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The financial statements presented for audit contained the following inaccuracies:

- i. The statement of financial performance reflects a Nil balance in respect of use of goods and services whereas Note 6 re-casted amount total Kshs.530,693;
- ii. Note 7 to the financial statements reflects employee costs amount of Kshs.47,000 whereas Note 9 reflects repairs and maintenance amount of Kshs.8,000 both of which are omitted from the statement of financial performance;
- iii. The statement of financial position reflects total assets balance of Kshs.452,188 and net assets and liabilities balance of Kshs.402,188, resulting to an unbalanced statement by Kshs.50,000;
- iv. The statement of financial position reflects property, plant and equipment balance of Kshs.206,068 which differ with an amount of Kshs.200,940 reflected in Note 11 resulting to an unexplained variance of Kshs.5,128;
- v. The statement of financial position reflects net assets balance of Kshs.402,188 while the statement of changes in net assets reflects total net assets balance of Kshs.596,571 resulting to an unexplained variance of Kshs.194,383;
- vi. The statement financial position reflects cash and cash equivalents balance of Kshs.66,120 while the detailed analysis in Note 9 reflects a balance of Kshs.65,398 resulting to an unexplained variance of Kshs.722;

In the circumstances, the accuracy, completeness and fair presentation of the amounts and balances reflected in the financial statements, could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mabadiliko Party of Kenya Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Unaudited Comparative Balances

I draw your attention to the fact that prior to 2022/2023 financial year, only the financial statements of political parties funded from public funds were being audited pursuant to Article 229(4)(f) of the Constitution of Kenya, which mandates the Auditor-General to audit political parties funded from public funds. Although the financial statements presented for audit reflects comparative balances for the year ended 30 June, 2022, 2022/2023 financial year is considered as the first year of audit and the audit procedures undertaken did not cover the prior year balances.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.990,000 and actual on a comparable basis of Kshs.881,824 resulting to under-collection of Kshs.108,176 or 11%. Similarly, the statement reflects actual expenditure of Kshs.569,906 and actual receipts of Kshs.881,824 amount resulting to an under-utilization of Kshs.311,918 or 35% of the receipts.

The under-funding and the under expenditure affected the planned activities of the Party and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

1. Ineligible Administrative Expenses

The statement of financial performance reflects revenue in respect of transfers from other Government entities amount of Kshs.319,424 and administrative expenses amount of Kshs.625,599. However, the administrative expenses represents 196% of the transfers from other Government in form of grants from Political Parties Fund. The high ratio of expenditure against the grants received was contrary to Section 26(1f) of the Political

Parties Act, 2011 which requires administrative and staff expenses of the political party not to be more than thirty percent of the moneys allocated to the political party from the Political Parties Fund.

In the circumstances, Management was in breach of the law.

2. Late Submission of Financial Statements for Audit

The financial statements for the Party were submitted to the Auditor-General on 16 January, 2024, three and a half months after the statutory timeline of 30 September, 2023. This was Section 68(2)(k) of the Public Finance Management Act, 2012 which requires Accounting Officers to prepare and submit the annual financial statements for each financial year to the Auditor-General within three months after the end of the financial year to which the accounts relate.

In the circumstances, Management was in breach of the law.

3. Failure to Open Party Branch Offices

Audit inspection carried out revealed that the Party had only two (2) offices. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which requires a political party to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the political party, in more than half of the Counties.

In the circumstances, Management was in breach of the law.

4. Lack of a Procurement Plan

During the year under review, the Party incurred expenditure amounting to Kshs.530,693 on procurement of goods and services as detailed in Note 6 to the financial statements. However, the procurements were not supported by an approved procurement plan, approved budget and work plans. This was contrary to Section 45(3) of Public Procurement and Asset Disposal Act, 2015 which states that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

In the circumstances, the regularity of expenditure on use of goods and services of Kshs.530,693 could not be confirmed.

5. Errors in the Presentation and Disclosure of the Financial Statements

Review of the annual reports and financial statements presented for audit revealed that page numbers for Key Entity Information and Management and Environmental Sustainability Reporting are missing whereas the statement of financial position was not presented on a separate page. Further, the Chairman's Statement, Management Discussion and Analysis, Report of the Directors and Statement of Directors Responsibilities are on the wrong pages. In addition, there were numerous errors on pages and the financial statements were not signed by the Chairman and the Head of Finance and also the Chairman's Statement was not signed.

In the circumstances, the financial statements did not comply with the presentation and disclosure requirements of the Public Sector Accounting Standards Board.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis of Conclusion on Effectiveness of Internal Controls, Risk Management and Governance of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Tag/Label Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.206,068. However, the assets were not tagged with unique identifiers. This was contrary to the guidelines on asset and liability management Part IV(i) C Section 77(7) of the National Treasury Guidelines on Asset and Liability Management in the Public Sector, 2020 which requires all assets purchased to be identified/ tagged upon receipt from suppliers and, before they are issued out to user departments and the tag number of each asset to be included in the assets register.

In the circumstances, the effective of internal controls to safeguard the Party's assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Party or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Party to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Party to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 June, 2024



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for the year ended June 30, 2023

7. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2023	2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	319,424	-
		319,424	-
Revenue from exchange transactions			
Membership Subscriptions	7	562,400	3,977,750
Total revenue		881,824	3,977,750
Expenses			
Use of goods and services			
Administrative Costs	8	625,599	2,767,404
Party Visibility and Profiling Expenses	9	212,000	-
Party Policy and Profiling Expenses	10	58,000	600,000
Total expenses		895,599	3,367,404
Surplus before tax		(13,775)	610,346
Taxation		0.00	0.00
Surplus/(deficit) for the Year		(13,775)	610,346
Remission to National Treasury			
Net Surplus For the Year		(13,775)	610,346

The notes set out on pages 30 to 35 form an integral part of these Financial Statements. The Financial Statements set out on pages 25 to 28 were signed on behalf of the Board of Directors by



Annual Report and Financial Statements
for the year ended June 30, 2023.

..... *Am Nkoi*

Name:

S/O.

Accounting Officer

Date *28/2/24*

..... *Ruth Mwangi*

Name:

Head of Finance

ICPAK M/No: *31657*

Date *28/2/24*

..... *Schola Mwangi*

Name:

Chairman of the Board

Date *28/2/24*

5 Statement of Financial Position as at 30 June 2023

	Notes	2023	2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	66,120	39,800
Receivables from Exchange Transactions	12	180,000	360,000
Total Current Assets		246,120	399,800
Non-Current Assets			
Property, Plant and Equipment	13	206,068	240,846
Investments			
Total Non- Current Assets		206,068	240,846



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	Notes	2023	2022
		Kshs	Kshs
Total Assets		452,188	640,646
Liabilities			
Current Liabilities			
Trade and Other Payables	14	50,000	78,300
Total Current Liabilities		50,000	78,300
Total Liabilities		50,000	78,300
Net Assets			
Accumulated Surplus		(13,775)	
Total Net Assets and Liabilities		402,188	562,346

The financial statements set out on pages 25 to 29 were signed on behalf of the Board of Directors by:

[Signature]
.....
Name *JC*
Accounting Officer

Date *28/2/24*

[Signature]
.....
Name
Head of Finance

ICPAK Member Number: *31657*
Date *28/2/24*

[Signature]
.....
Name
Chairman of the Board

Date *28/2/24*



Annual Report and Financial Statements
for the year ended June 30, 2023.

16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Ordinary share capital	Revaluation reserve	Fair value adjustmen t reserve	Retained earnings	Proposed dividends	Capital/ Developmen t Grants/Fun d	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus/ deficit for the year	610,346	-	-	-	-	-	610,346
As at June 30, (2022)	610,346	0.00	0.00	0.00	0.00	0.00	610,346
As at July 1, 2022	610,346	-	-	-	-	-	610,346
Surplus/ (deficit) for the year	(13,775)	-	-	-	-	-	(13,775)
As at June 30, 2023	596,571	-	-	-	-	-	596,571



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for the year ended June 30, 2023

17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2023	2022
		Kshs	Kshs
Cash flows from operating activities			
Surplus (deficit) before tax		(13,775)	610,346
Add/Less Non-Cash Adjustments			
Depreciation		39,906	30,804
Cashflow before Changes in Working Capital		66,037	641,150
(Increase)/Decrease in Receivables		180,000	(360,000)
Increase/(Decrease) in Creditors		(21,743)	78,300
Net cash flows from/(used in) operating activities	50	158,257	(281,700)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		-	271,650
Net cash flows from/(used in) investing activities		-	271,650
Cash flows from financing activities			
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		26,320	-
Cash and cash equivalents at 1 July 2022	29	39,800	39,800
Cash and cash equivalents at 30 June 2023	29	66,120	39,800



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for the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Actual amounts	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	500,000	-150,000	350,000	319,424	30,576	91%
Other Income	800,000	-160,000	640,000	562,400	77,600	88%
Total Income	1,300,000	-310,000	990,000	881,824	108,176	89%
Expenses						
Use of Goods and Services	300,000	-100,000	200,000	115,000	85,000	58%
Employee costs	150,000	-50,000	100,000	47,000	53,000	47%
Depreciation & amortization expense	53,000	-5,000	48,000	39,906	8,094	83%
Contracted Services	450,000	-50,000	400,000	360,000	40,000	90%
Repairs and maintenance	50,000	-20,000	30,000	8,000	22,000	27%
Total Expenditure	1,003,000	225,000	778,000	569,906	208,094	73%
Surplus for the period	297,000	85,000	212,000	311,918	99,918	147%



MABADILIKO PARTY
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18. Notes to the Financial Statements

1. General Information

Mabadiliko Party of Kenya, domiciled in Kenya, is established by and derives its authority and accountability from the Political Parties Act 2011. The Entity is wholly owned by the members. The Entity's principal activity is to safeguard the rights and the fundamental freedoms of the citizenry, to make the government to be accountable among other ideologies. To achieve this the Party engages with the Citizens through Public participation, by creating public awareness .

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment and financial instruments at fair value impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Party's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Party*. The financial statements have been prepared in accordance with the PFM Act, the Political Parties Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
Other Improvements to IPSAS	Applicable: 1st January 2021: (a) IPSAS 13, Leases and IPSAS 17, Property, Plant and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASAs) was approved. (b) IPSAS 21, Impairment of Non-Cash –Generating Assets, and IPSAAS 26, Impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.

Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

iii. *Early adoption of standards*

Mabadiliko Party of Kenya did not early – adopt any new or amended standards in the financial year 2022-2023.



MABADILIKO PARTY
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Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

Mabadiliko Party of Kenya recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Party and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Party and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Rendering of services

The Party recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.



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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Party*.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Mabadiliko Party of Kenya is not a Company limited by shares or has no shareholding interest in any listed Company..

Rental income

The Party does not have any rental property and therefore does not have rental income.

b) Budget information

The original budget for the Current FY 2023 was approved by the National Executive Committee June, 2022 . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Party upon receiving the respective approvals in order to conclude the final budget. Mabadiliko Party of Kenya's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Mabadiliko Party of Kenya operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures; deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Mabadiliko Party of Kenya* and the same taxation authority.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. ***Subsequent to initial recognition, investment property are measured using the cost model and are depreciated over an agreed period.*** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Mabadiliko Party of Kenya

recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to Mabadiliko Party of Kenya. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. Mabadiliko Party of Kenya also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Party will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to Mabadiliko Party of Kenya. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The *Mabadiliko Party of Kenya* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Mabadiliko Party of Kenya* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loan and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Mabadiliko Party of Kenya determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to- Maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when Mabadiliko Party of Kenya has the positive intention and ability to hold it to maturity. After initial measurement, held-to –maturity investment are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of Financial assets

Mabadiliko Party of Kenya assesses at each reporting period whether there is objective evidence that financial asset or the Party's assets is impaired. A financial asset or the Party's assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss



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event') and that loss event has an impact on the estimated future cashflow of the financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- i) The debtors or Mabadiliko Party of Kenya debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

b) Financial Liabilities

Initial recognition and measurement.

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Mabadiliko Party of Kenya determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit while the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.





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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Mabadiliko Party of Kenya*.

k) Provisions

Provisions are recognized when Mabadiliko Party of Kenya has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Mabadiliko Party of Kenya expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent Liabilities

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Mabadiliko Party of Kenya does not recognize a contingent liability but discloses details of any contingencies in notes to the Financial Statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

Mabadiliko Party of Kenya does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mabadiliko Party of Kenya in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.



MABADILIKO PARTY
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

Mabadiliko Party of Kenya provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which Mabadiliko Party of Kenya pays fixed contributions into a separate Mabadiliko Party of Kenya (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligation for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.



MABADILIKO PARTY
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For the year ended June, 30th, 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The *Mabadiliko Party of Kenya* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Mabadiliko Party of Kenya* or vice versa. Members of key management are regarded as related parties and comprise *the directors, the Executive Director and senior managers*.

t) Service concession arrangements

The *Mabadiliko Party of Kenya* analyzes all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Mabadiliko Party of Kenya* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Mabadiliko Party of Kenya* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.





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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Mabadiliko Party of Kenya's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:



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MABADILIKO PARTY
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Mabadiliko Party of Kenya based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Mabadiliko Party of Kenya. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Mabadiliko Party of Kenya.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023	FY 2022
	KShs	KShs	KShs	KShs	KShs
Registrar of Political Parties (ORPP)	319,424	-	-	319,424	-
Total	319,424	-	-	319,424	-

Revenue

	2023	2022
Income	KSHS	KSHS
Government Grant - Political Parties Fund	319,424	-
Membership Contributions	562,400	3,977,750
Total Income	881,824.00	3,977,750



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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

6. Use of Goods and Services

Description	FY 2023	FY 2022
	Kshs	Kshs
Audit Fees	50,000	50,000
Printing and Stationery	0.00	20,000
Rent expenses	360,000	1,260,000
Travel, Subsistence & Other Allowances*	40,000	0.00
Bank charges	5,692.65	5,200
Other General Expenses	75,000	375,688

7. Employee Costs

Description	FY 2023	FY 2022
	Kshs	Kshs
Salaries and wages	47,000	1,260,000
Employee costs	47,000	1,260,000

8. Depreciation and Amortization Expense

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	39,906	30,804
Total depreciation and amortization	39,906	30,804

9. Repairs and Maintenance

Description	FY 2023	FY 2022
	Kshs	Kshs
Computers and Accessories	8,000	0.00
Total Repairs and Maintenance	8,000	0.00

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. This is essential for ensuring the integrity of the financial statements and for providing a clear audit trail.

2. The second part of the document outlines the various methods used to collect and analyze data. These methods include direct observation, interviews, and the use of statistical models. Each method has its own strengths and limitations, and it is important to choose the most appropriate one for the specific research question.

3. The third part of the document describes the results of the study. The data shows a clear trend of increasing sales over the period studied, which is consistent with the expectations of the researchers. This finding is supported by the statistical analysis, which shows a significant positive correlation between the variables being studied.

4. Finally, the document concludes with a discussion of the implications of the findings. The results suggest that the current business strategy is effective, but there are still areas for improvement. Further research is needed to explore the long-term effects of the current strategy and to identify new opportunities for growth.



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Notes to the Financial Statements (Continued)

9. Cash and Cash Equivalents

Description	FY 2023	FY 2022
	Kshs	Kshs
Current Account-1151863160002	(8.65)	0.00
Current Account-1151863160003	751	0.00
Petty Cash	65,378	39,800
Total Cash And Cash Equivalents	66,120	39,800

(The amount should agree with the closing and opening balances as included in the statement of cash flows. List all bank accounts. Provide brief explanation on cash variations compared to the previous year)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2023	FY 2022
		Kshs	Kshs
a) Current Account			
Kingdom Bank	1151863160002	(8.65)	0.00
Kingdom Bank	1151863160003	751	0.00
Sub Total		742.35	0.00
b) Others(Specify)			
Cash In Hand		65,398	39,800
Sub- Total		65,398	39,800
Grand Total		65,398	39,800

Notes to the Financial Statements (Continued)

10. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	FY 2023	FY 2022
	Kshs	Kshs
Receivables		
Other Exchange Debtors	180,000	360,000
Total Current Receivables	180,000	360,000

(c) Ageing analysis for Receivables from exchange transactions

Description	FY 2023		FY 2022	
	FY 2023	% of the total	FY 2022	% of the total
Between 1- 2 years	180,000	100%	360,000	100%





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Notes to the Financial Statements (Continued)

11. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July FY 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	150,000	70,000	51,650	-	271,650
Disposals	-	-	-	-	-	-	-	-
As at 30 th June FY 2022	-	-	-	150,000	70,000	51,650	-	271,650
Charge for the Year	-	-	-	12,500	14,000	4,304	-	30,804
As at 30 th June, 2022	-	-	-	137,500	56,000	47,345.83	-	240,846
At 1 July 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	17,187.50	16,800	5,918.23	-	39,906
As At 30 th FY 2023	-	-	-	120,312.50	39,200	41,427.60	-	200,940

(Include a brief description of WIP as a footer.)

Notes to the Financial Statements (Continued)

34 (a) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Office Furniture	150,000	29,687.50	120,312.50
Computers And Related Equipment	70,000	30,800	39,200
Office Equipment, Furniture, And Fittings	51,650	10,222.40	41,427.60
Total	271,650	70,710	200,940



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Property plant and Equipment includes the following assets that are fully depreciated on the reducing balance method based on the provided rates:

Description	Cost or valuation	Normal annual depreciation charge
Office Furniture	150,000	12.5%
Computers and Related Equipment	70,000	30%
Office Equipment	51,650	12.5%
Total	271,650	



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Notes to the Financial Statements (Continued)

12. Trade and Other Payables

Description	FY 2023		FY 2022	
	Kshs		Kshs	
Trade payables	50,000		78,300	
Total trade and other payables	50,000		78,300	
Ageing analysis: (Trade and other payables)	FY 2023	% of the Total	FY 2022	% of the Total
1-2 years	50,000	100%	78,300	100%
Total (tie to above total)	50,000		78,300	

(Provide brief explanation)

Notes to the Financial Statements (Continued)

19. Cash Generated from Operations

Description	FY 2023		FY 2022	
	Kshs		Kshs	
Surplus (Deficit) for the year before tax	(13,775)		616,346	
Adjusted for:				
Depreciation	39,906		30,804	
Cashflow before Changes in Working Capital	26,131		641,150	
Working capital adjustments				
Decrease (Increase) in receivables	180,000		(360,000)	
(Decrease) Increase in payables	(28,300)		78,300	
Net cash flow from operating activities	177,831		359,450	

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)



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Notes to the Financial Statements (Continued)

20. Financial Risk Management

The Mabadiliko Party of Kenya's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Mabadiliko Party of Kenya's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Mabadiliko Party of Kenya does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Mabadiliko Party of Kenya's financial risk management objectives and policies are detailed below:

i) Credit risk

The Mabadiliko Party of Kenya has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Mabadiliko Party of Kenya's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Mabadiliko Party of Kenya's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:



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Annual Report and Financial Report
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Notes to the Financial Statements (Continued)

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position).

Notes to the Financial Statements (Continued)
Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Mabadiliko Party has significant concentration of credit risk on amounts due from elected and nominated members of County assembly. The National Executive Committee sets the Mabadiliko Party of Kenya's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Mabadiliko Party of Kenya's National Executive Committee, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Party manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Party under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It highlights the significance of using reliable sources and ensuring the integrity of the information gathered.

3. The third part of the document provides a detailed overview of the different types of data and how they are processed and analyzed. It discusses the challenges associated with handling large volumes of data and the importance of using appropriate tools and software.

4. The fourth part of the document focuses on the application of data analysis in various fields, including business, science, and social research. It illustrates how data-driven insights can be used to make informed decisions and improve performance.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the need for continuous learning and improvement in data analysis practices to stay relevant in a rapidly changing world.



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Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

The *Mabadiliko Party of Kenya* has put in place an internal audit function to assist it in assessing the risk faced by the Party on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Party's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Mabadiliko Party of Kenya's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Mabadiliko Party of Kenya's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Mabadiliko Party of Kenya* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Party* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.



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Notes to the Financial Statements (Continued)

21. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Mabadiliko Party of Kenya* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya, through its entity, the Office of the Registrar of Political Parties, is the principal regulator of Mabadiliko Party of Kenya. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Sponsors and Partners
- iii) Key management.
- iv) National Executive Committee

25. Surplus Remission

Despite the provisions of section 219 (2) of the Public Financial Management Act regulations where regulatory entities shall remit into Consolidated Fund, ninety percent of its surplus funds reported in the audited financial statements after the end of each financial year, the Party realised a deficit during the financial year ended 30th June, 2023, thus no surplus to be remitted to consolidated funds.

26. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

27. Ultimate And Holding Entity

Mabadiliko Party of Kenya is wholly owned by Members of the Public under the Office of the Registrar of Political Parties. Its ultimate parent is the Government of Kenya.

28. Currency

The financial statements are presented in Kenyan Shillings.



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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Late Submission of Financial Statements	We endeavour to adhere to the set timeframe of Submission of the financial Statements	Resolved	By 30 th September, 2024.
4.2	Non-Compliance with PSASB Reporting	It's the first time of audit by the Office of Auditor General and thus we were not aware of the PSASB Reporting requirements. We have therefore revised our financial Statements to reflect adherence to the guidelines provided.	Resolved	
4.3	Casting Errors	The variance in Membership Income is corrected as follows; Ksh 562,400 [*] is for membership contribution, while Ksh 319,424 is receipts from the Political Parties Funds (PPF) totalling	Resolved	



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Reference No. on the external Audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>to Ksh. 881,824. Therefore no loss of Public funds. In the FY 2022, in the notes to the financial statements it is indicated that Ksh 1,946,000 was received in respect to elected and nominated members of County Assembly which is not correct, we had no elected & nominated members in the County Assemblies. This has been rectified and therefore the correct position on this is Ksh 3,977,750 and not Ksh 5923,750 shown in the notes.</p>	<p>In FY 2022, the administrative expenses are overstated in the notes to the financial statements as Ksh 3,852,154 but the correct amount is Ksh. 2,767,404. Office Supplies should be Ksh77,400 instead of 141,400</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Travel & Entertainment should be Ksh. 28,500 instead of 842,765</p> <p>Utilities should be Ksh. 5,500 instead of 240,845.</p> <p>In the current Yr. The bank charges are understated as Ksh 1,409, the correct amount is Ksh. 5,692.65.</p> <p>Omitted from the calculation is the Depreciation expense for the year of Ksh 39,905. The correct Administrative expenses should be Ksh 625,599 instead of Ksh. 621,314.</p> <p>This was erroneously captured and we have provided the correct position in the revised financial statements.</p>	Resolved.	
4.4	Understatement of Current Liabilities		Resolved.	
4.5	Lack of Asset Tagging	Some assets did not bear visible identifiable tags during the audit exercise. However, as management we have ordered the assets to be tagged afresh and an updated asset	Resolved	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		register be produced for further audit checks.		
4.6	Ineligible Expense	The Political Parties Acts provides for no more that 30% to be used on administrative expenses in this case, Ksh. 95,827.20 of Ksh. 319,424. However, Ksh 581,409 was paid out as administrative expenses. Ksh 95,827.20 was paid out from the PPF while the rest was paid out from Party's own sources.	Resolved	
4.7	Presentation & Disclosure in Financial Statements	The notes have been properly arranged to enable the users of the financial statements get information easily.	Resolved	
4.8	Casting Error on Opening Balance	This is noted. The financial Statements have been revised to reflect the same.	Resolved	
4.9	Misstatement of Statement of Cashflow	This has been corrected to reflect a fair position.	Resolved	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comment	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.10	Improper Disclosure of Property, Plant & Equipment	This is an arithmetic error in the excel sheet. The correct figure for this is Ksh. 240,846 instead of Ksh 240,000	Resolved	
4.11	Inconsistency in the Cash and Bank Balance	Management has instituted measures to ensure timely closing of books of Accounts as well as Reconciliations to avoid such scenarios happening again.	Resolved	
4.12	Lack of Policies and Plans	We acknowledge that some documents were never provided during the audit exercise. However, we have provided them for your inspection and action	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report,
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Local Point persons within your Entity responsible for implementation of each issue;



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(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Amude.

Secretary General

Date: *28/2/24*



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